

# TEXAS ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS



Texas is the proud home of three Clean Cities:

Austin  
Dallas/Ft. Worth  
Paso del Norte

## Overview

The Texas Alternative Fuel Council and the Texas Railroad Commission make low-interest loans for the conversion of state and local government fleets to alternative fuels. The City of Austin and Southern Union Gas offer a \$2,000 rebate for the purchase or conversion of a natural gas vehicle (NGV), and Atmos Energy offers a \$500 rebate for the purchase or conversion of an NGV. Several other utility companies in Texas are very active in promoting the use of alternative fuel vehicles (AFVs), including Entex which offers a \$2,000 rebate for the conversion or purchase of an NGV.

## Highlights

- \$ \$2,000 rebate from the City of Austin and Southern Union Gas for compressed natural gas (CNG) conversions or purchases of factory-equipped CNG vehicles; \$1,200 rebate for any alternative fuel type
- \$ \$2,000 per vehicle rebate from Entex for conversion to CNG or for the purchase of a factory-equipped NGV
- \$ \$500 per vehicle rebate from Atmos Energy for CNG conversions

## State Incentives

- \$ Through a joint venture with Southern Union Gas Company, the City of Austin offers a \$2,000 rebate for CNG conversions or CNG original equipment manufacturer (OEM) purchases. This offer is available to Southern Union Gas commercial and residential customers for up to 5 vehicles per year. Participants can obtain a Natural Gas Vehicle Rebate Request Form from participating dealers, conversion centers, or the Environmental and Conservation Services Department. Funds are limited, and are available on a first-come first-served basis. For a rebate application, contact Southern Union Econofuel at (512) 452-1776. For information about the program, contact Jerrel Gustafson with the City of Austin at (512) 499-3587.

Southern Union Gas Company and the city of Austin are also providing funds through the U.S. Department of Energy's State and Local Incentives Pilot Program to award approximately 18 rebates in the amount of \$1,200 in conjunction with the existing rebate program. This rebate would be open to any individual who converts a vehicle to any alternative fuel or purchases an AFV from an OEM; businesses and agencies in Austin that are not mandated to convert vehicles would also be eligible. In El Paso, under the pilot program, conversion funds for natural gas and propane vehicles operated by nonprofits in the community will be available. For additional information, contact Craig Davis, at the Texas Alternative Fuels Council, at (512) 463-3262.

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### *State Incentives (cont.)*

The Texas Railroad Commission has the authority to regulate the safety of the liquefied natural gas (LNG), CNG, and liquefied petroleum gas (LPG) industries. The Texas Railroad Commission funds LPG research projects on a case-by-case basis. The State Legislature has also authorized the Texas Railroad Commission to create an Alternative Fuels Conversion Fund to make loans and encourage the use of alternative fuels, including conversion of state and local government fleets to CNG. The Texas Railroad Commission has produced a free directory, entitled "1995 Texas Propane Services Directory," that lists 910 Texas businesses that refuel vehicles with propane. For more information, contact Steve Jaeger at the Railroad Commission of Texas alternative fuel hotline, (800) 64-CLEAR, or (512) 463-9202.

The Texas General Land Office (GLO) will make low cost, in-kind natural gas available to school districts for use as an alternative vehicle fuel. The Texas GLO has also established an alternative fuels program to aggressively promote the use of alternative energy sources, especially those abundant in Texas. The Texas GLO alternative fuels program serves as a liaison between government and industry and has been instrumental in the conversion of public and private fleets, as well as opening many refueling stations across the state. The Texas GLO publishes several alternative fuels newsletters, fact sheets, and Texas refueling station maps to help educate and inform the public. For additional information, contact Carlton Bell at the Texas GLO at (512) 475-1402, or the Alternative Fuels Hotline at (800) 6-FUEL-99.

The Texas Alternative Fuels Council (TAFC) was created in 1993 by the State Legislature to distribute federal oil overcharge funds to eligible public and private organizations for financing fleet conversion and encouraging the increased use of alternative fuels. The Texas Alternative Fuels Council will manage a \$50 million low-interest loan program for public fleets, financed by the issuance of bonds. Among those eligible for the loans to convert vehicles to alternative fuels, purchase new AFVs and install refueling facilities will be school districts, local mass transit authorities, state agencies, and local governments. For information about the low-interest loan program contact Craig Davis, Texas Alternative Fuels Council, at (512) 463-3262.

### *Utility/Private Incentives*

\$ **Atmos Energy** offers a \$500 rebate per vehicle conversion to natural gas. Station financing, construction assistance, and temporary refueling facilities are available. For more information, contact John Zook at (214) 788-3769.

\$ **Entex** offers a \$2,000 rebate per vehicle for conversion to CNG or for the purchase of an OEM NGV. Rebate is limited to 5 vehicles per customer. Contact Gert Rudel at (713) 654-5898 for additional information.

**Arkansas Louisiana Gas (Arkla)** has a special lower rate for CNG used to fuel vehicles. Arkla offers technical assistance and station design assistance for natural gas refueling stations. For more information, contact Arthur Connerly at (501) 377-4877, or Bill Link at (318) 429-4190.

**ECOGAS Corporation** is helping develop private sector LNG and CNG refueling stations, and owns and operates one LNG and CNG refueling site in Texas. It is also involved in a public awareness promotion concerning landfill-generated natural gas. In addition, ECOGAS Corporation is developing innovative funding and repayment plans to support public and private sector fleet conversions to natural gas. For more information, contact Sher Neely or Mike Kammerer at (512) 338-9874.

**Lone Star Gas** participates in public/private ventures with governments to build at-cost or reduced cost conversion facilities or refueling stations. For more information, contact Mark Mancino at (214) 573-3853.

# TEXAS ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

## *Laws & Regulations*

Texas' alternative fuel statutes, recently amended by Senate Bill (SB) 200, include the following provisions:

The definition of alternative fuels was amended to:

"Alternative fuel" means any fuel or power source that, when used in a clean-fuel vehicle, allows the vehicle to comply with the standards and requirements of Part C Subchapter II of the Federal Clean Air Act as amended and emission limits at least as stringent as the applicable low-emission vehicle (LEV) standards for the clean fuel fleet program.

State agencies that operate a fleet of more than 15 vehicles are still under the compliance schedule to have 30% of their fleet operating on alternative fuels by September 1, 1994; 50% by 1996; and 90% by 1998. For these fleets, alternative fuels are defined as CNG, LNG, LPG, methanol, ethanol, and electricity.

Local governments with fleets of more than 15 vehicles and private fleets of more than 25 vehicles in the four non-attainment areas have the following requirements for AFVs:

10% of total fleet by 9/1/1998 or 30% of purchases after 9/1/1998

20% of total fleet by 9/1/2000 and 50% of purchases after 9/1/2000

45% of total fleet by 9/1/2002 and 90% of purchases after 9/1/2002

The definition of alternative fuels for these fleets has been amended to include any fuel-vehicle combination that satisfies the Federal LEV standards and the clean-fuel vehicle standards.

Mass transit authorities, regional transit authorities, and local transportation departments must still meet the original conversion schedule -- 30% of total fleet by 1994, 50% by 1996, and 90% in 1998 -- but are now allowed to use any fuel that meets the expanded definition of alternative fuels (i.e., meets LEV).

As a result of the Clean Air Act Amendments of 1990 (CAAA) requirements for the Federal Clean Fuel Fleet (FCFF) program, Texas created the Texas Alternative Fuel Fleet (TAFF) program. TAFF was adopted by the Texas Natural Resource Conservation Commission (TNRCC) on July 6, 1994. However, the TNRCC is examining reconciling the TAFF rule with the 1995 SB 200 to resolve outstanding issues. Public meetings will be held, and the new TAFF rule should be adopted by mid 1996. The *original* requirements of TAFF are listed below:

It must demonstrate a quantitative emissions reduction plan equivalent to the FCFF program.

Affected serious and severe ozone and/or carbon monoxide nonattainment areas are Houston/Galveston, Beaumont/Port Arthur, and El Paso.

It includes the following fleet categories: local government, state agencies, federal, private, and school district fleets of 15 or more vehicles, metropolitan rapid transit authorities, and city transportation departments.

Option 1 requires that beginning September 1, 1998, all vehicle acquisitions meet or exceed the LEV standards.

Option 2 requires certain percentages of the fleets to meet or exceed the LEV standards, according to the following schedule:

September 1, 1998	30%
September 1, 2000	50%
September 1, 2002	90%

SB 1, passed by the legislature in 1995, removes the alternative fuel-use requirement on school districts.

Road taxes for natural gas and LPG vehicles are collected through annual sticker permit fees.

Natural gas and propane sold as motor fuels are exempt from sales tax.

The Texas Public Finance Authority will be able to sell bonds of up to \$50 million for school districts, local mass transit authorities, and state agencies to convert vehicles to alternative fuels, purchase new AFVs, and install refueling facilities.

# TEXAS ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

## *Points of Contact*

### **Austin Clean Cities Coordinator**

Lisa Weston Hannemann (512) 499-1898  
City of Austin

### **Dallas/Ft. Worth Clean Cities Coordinator**

Paul Cauduro (817) 695-9261  
North Central Texas Council of Governments

### **Paso del Norte Clean Cities Coordinators**

Victor Valenzuela (915) 778-9634  
Texas Natural Resource Conservation Commission

Carlos Rincón (915) 747-6644  
Environmental Defense Fund

### **City of Austin**

Jerrel Gustafson (512) 499-3587

### **Railroad Commission of Texas**

Steve Jaeger (512) 463-9202  
Alternative Fuels Hotline (800) 64-CLEAR

### **Texas General Land Office**

Carlton Bell (512) 475-1402  
Alternative Fuels Hotline (800) 6-FUEL-99

### **Texas Alternative Fuels Council**

Craig Davis (512) 463-3262

### **Arkansas Louisiana Gas (Arkla)**

Arthur Connerly (510) 377-4877  
Bill Link (318) 429-4190

### **Atmos Energy**

John Zook (214) 788-3768

### **ECOGAS Corporation**

Sher Neely (512) 338-9874  
Mike Kammerer (512) 338-9874

### **Entex**

Gert Rudel (713) 654-5898

### **Lone Star Gas**

Mark Mancino (214) 573-3853

### **Southern Union Gas**

Southern Union Econofuel  
Luke Allison (512) 452-1776

### **Texas State Energy Office**

State Energy Conservation Office  
Tobin Harvey (512) 463-1931

### **Metropolitan Planning Organizations**

#### **North Central Texas Council of Governments**

Michael Morris (817) 695-9240

#### **Houston Galveston Area Council**

Alan Clark (713) 627-3200

#### **South East Texas Regional Planning Commission**

Bob Dickenson (409) 727-1991  
Don Kelly (409) 727-2384

#### **El Paso Metropolitan Planning Organization**

Ricardo Dominguez (915) 541-4017

### **Texas State Transportation Contact**

State Department of Highways and Public Transportation  
Don Lewis (512) 416-2085

### **U.S. Department of Energy**

#### **Regional Support Offices**

Dallas Regional Support Office  
William Jernigan (214) 767-7182

Denver Regional Support Office

Laura Adducci (303) 231-5750  
extension 155

### **U.S. Department of Transportation Contacts**

#### **Federal Highway Administration**

Region 6  
George Hadley (817) 334-3235

#### **Federal Transit Administration**

Region 6  
Blas Uribe (817) 860-9663

### **General Services Administration**

#### **Regional Fleet Manager**

Region 7  
Virlene Griffin (817) 334-2381

### **U.S. Environmental Protection Agency**

#### **Regional Pollution Prevention Coordinators**

Region 6  
Rob Lawrence (214) 665-6580  
Linda Thompson (214) 665-6568